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C O N F I D E N T I A L SECTION 01 OF 04 TALLINN 000338

SIPDIS

FOR EUR A/S Dan Fried from Ambassador Phillips

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SUBJECT: Scen setter for A/S Fried's Visit to Estonia

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TALLINN 00000338 001.2 OF 004

Classified by: Ambassador Dave Phillips. Reasons
1.4(b/d).

¶1. (SBU) SUMMARY: I am delighted to welcome you to Tallinn and your visit on October 1 could not be better timed. In the wake of Russia's invasion of Georgia and sensitivities related to Estonia's own large Russian-speaking minority, the Government of Estonia (GOE) is eager for assurances from you that Article V of the Washington Treaty is fully in force. Estonia has been an active voice in the EU (using our talking points) that the West cannot simply return to business as usual with Russia. In addition to meeting PM Ansip, we have arranged a working lunch hosted by Foreign Minister Paet and an afternoon chat with President Ilves. There will be plenty of press (TV and print, in Estonian and in Russian).

¶2. (SBU) SUMMARY CONT'D: Your trip also coincides with the start of the GOE process to extend Estonia's Iraq and Afghanistan mandates. Our GOE interlocutors tell us that Afghanistan will not be a problem, but there are concerns over the lack of a legal basis for Estonia to remain in Iraq beyond 2008. You will meet with leading Members of Parliament who need to hear from you that Estonia's continued participation in the coalition is necessary for success in Iraq. Cyber defense and the Visa Waiver Program round out the U.S.-Estonia agenda. In your meetings in Tallinn, it would be useful to:

-- Reiterate no return to "business as usual" with Russia, and reaffirm USG commitment to Article V.

-- Share thinking on the Iraq 2009 Coalition, and ask what the U.S. can do to help smooth the way.

-- Urge GOE to meet its NATO commitment to spend 2 percent of GDP on defense by 2010.

-- Recognize Estonian sacrifices in Iraq and Afghanistan.

-- Congratulate Estonia on VWP progress, and reassure them that the process is moving along expeditiously.

--Praise Estonian leadership on cyber security and welcome certification of the Estonian Cyber Center as a NATO Center of Excellence. END SUMMARY.

THE STATE OF THE NATION: COALITION STABLE, ECONOMY LOGY

¶3. (SBU) Formed in April 2007, Estonia's center-right three-party coalition is stable, and has benefited from years of strong economic growth. The coalition's primary objectives include a proactive, pro-western foreign

policy and a liberal, pro-business economic agenda.

14. (SBU) The violence that erupted last year in response to the removal of a Soviet-era statue (the "Bronze Soldier"), has not been repeated, and ethnic Estonians and Russian speakers coexist. There has been minimal support from Russian-speaking communities for Russia's actions in Georgia (a few peaceful demonstrations, sparsely attended). Estonians and Russian speakers do not, however, mix freely. Russian speakers are not politically active and as Estonian language skills are required for government jobs, feelings of disenfranchisement can be strong in the Russian-speaking areas.

15. (SBU) If there is political tension in Estonia today, its roots are economic. GDP growth has dropped from its '06-'07 height of 7-11 percent, to a projected one percent by the end of 2008. Estonia still technically enjoys full employment, but the jobless rate - once as low as four percent - is creeping up again. Wages are now above 2/3 of the EU average, and though inflationary pressure increases as wages rise, the Bank of Estonia still says Estonia is on track to get into the Eurozone by 2011. The GOE has felt the slowdown most acutely in reduced VAT receipts, which have pinched the state budget. This past summer saw all ministries wrestle with the need to cut budgets. The most contentious items were planned income tax cuts, red-line items such as defense spending (to meet NATO's two-percent mandate) and the social payment to families ('Mother's Salary') designed to encourage population growth. On September 22, the GOE reached a budget that is in balance for 2009, and will submit it to Parliament on September 24.

TALLINN 00000338 002.2 OF 004

THE ESTONIAN LEADERSHIP: STAUNCH FRIENDS OF THE U.S.

16. (C) While in Tallinn, you will meet Estonian President Toomas Hendrik Ilves, Prime Minister Andrus Ansip and Foreign Minister Urmas Paet.

--President Toomas Hendrik Ilves was born in Sweden to migrant parents, and grew up in the United States. He attended high school in New Jersey and received degrees in psychology from Columbia (1976) and the University of Pennsylvania (1978). While President Ilves has no constitutional authority whatsoever, as a former Foreign Minister he is still very engaged on foreign policy issues. President Ilves is fervently pro-American, strongly supportive of Estonia's military engagements abroad, and frequently outspoken about (and critical of) Russia.

--Andrus Ansip has served as Prime Minister since April 12005. He espouses strong free market, pro-business views and enjoys broad public support. In the March 2007 parliamentary elections which re-elected Ansip, he received the most votes ever by an individual in Estonia's history. Just after this electoral triumph, Ansip was tested by fire in the "Bronze Soldier" incident. Ansip's steadfast leadership throughout elicited a surge in popular support for the government. He is a staunch supporter of the U.S., saying (for instance) that "as long as the U.S. needs Estonia (in Iraq), we will stay there." His English is heavily-accented, but his comprehension is extremely good.

--Urmas Paet became Foreign Minister in 2005. Paet has a background in political science and journalism, and at one point worked as a senior editor for Postimees, Estonia's highest-circulating, Estonian-language newspaper. Paet entered politics in 1999; his first public office was as Mayor of a suburb of Tallinn. In March 2003, he was elected to Parliament and a month

later was named Minister of Culture. When Ansip became Prime Minister in 2005, he tapped Paet to be Foreign Minister. Paet is mild-mannered, pragmatic and always on message. He is 34 years old.

RUSSIA/GEORGIA: THERE MUST BE CONSEQUENCES

¶7. (C) Estonia has close ties to Georgia and has been fiercely critical of Russia's August 8 invasion. President Ilves, PM Ansip, and FM Paet have all publicly condemned Russia's military intervention in South Ossetia and Abkhazia and demanded Russia immediately withdraw its troops from Georgia. In a show of solidarity, President Ilves traveled to Georgia with the Polish, Lithuanian, and Ukrainian Presidents and the Latvian Prime Minister on August 12. On August 15, FM Paet traveled to Georgia, meeting with Georgian PM Gurgenedze and FM Tkeshelashvili, visiting injured Georgians in a hospital, and touring an Internally Displaced Persons camp and the city of Gori.

¶8. (C) Estonia has called for rapid and decisive action by NATO and the EU vis-a-vis Russia. Estonia has demanded an active role in sending a new peacekeeping force to South Ossetia, calling Russia "unfit" for peacekeeping operations. Estonia also supports establishment of an (EU) Free Trade Agreement with, and visa-facilitation regime for, Georgia (and revocation of similar EU arrangements with Russia). The Estonian drumbeat is "there must be consequences" (for Russia).

¶9. (C) Estonia has earmarked USD 1 million for humanitarian assistance to Georgia and is assessing how many peacekeepers it can contribute to an international peacekeeping mission. The GOE has already sent a computer emergency response team (CERT) to Georgia to assist in defense against cyber attacks (reftel).

NATO/ARTICLE V: BACK IN AREA OR OUT OF BUSINESS

¶10. (C) President Ilves asserts that Russia's invasion of Georgia "changes everything" and requires NATO to think seriously about collective defense (again). At a recent closed event for the American Chamber of Commerce, Ilves said that NATO no longer has to worry about going 'out of area or out of business' since its core mission to defend liberal democracy on the European continent "is back." Ilves believes that it will take "many months and years" to figure out how to handle the new situation with Russia. At our recent meeting, I asked him about steps the West could take. Ilves speculated about using existing anti-money laundering statutes as one way to

TALLINN 00000338 003.2 OF 004

affect Russia quickly.

¶11. (C) The media has written extensively that a failure to stop Russian aggression in Georgia could have far-reaching implications for other countries with large ethnic Russian communities. This is a sentiment shared widely in the Estonian population. As a result, the full implications of Article V are of keen interest here. Ilves, Ansip and the media are likely to seek assurances that Estonia will not be left to its own defenses should Russia take aggressive military action against them.

IRAQ/AFGHANISTAN: READY TO SERVE, NEED SOME HELP ON IRAQ

¶12. (C) Currently, nine percent of Estonia's land forces are committed to international operations ' one of highest deployment rates in NATO. Estonia participates without caveats in combat missions in both Iraq and Afghanistan as well as missions in Bosnia, Kosovo, Lebanon, and the EU Nordic Battle Group. In Afghanistan, Estonian forces are embedded with the UK in Helmand province. In Iraq, its 34-member Infantry Platoon is

embedded with U.S. forces and is conducting counterinsurgency operations just north of Baghdad. The GOE has three staff officers assigned to the NATO Training Mission - Iraq. Estonia has suffered multiple casualties in Iraq and Afghanistan, including five killed and approximately 45 wounded.

¶13. (C) Estonia's mandate to participate in Operation Iraqi Freedom, predicated on UNSCR 1151, will expire at the end of 2008. Absent a new UNSCR, the GOE will need a new legal basis for the Iraq mission, and if it cannot find one before December 31, may have to withdraw its troops until a solution is found. We know the GOE has prepared a draft recommendation to extend the mandate, but it lacks (1) an invitation from the Government of Iraq and (2) an appropriate legal basis. As such, it cannot be presented to Parliament for its review and vote. When FM Paet visited Iraq August 11-12, the Iraqi FM promised to provide a written invitation for Estonia. Ansip and Paet will almost certainly be looking for information on the status of an Iraqi invitation, and whether U.S. experts will help Estonia craft a suitable legal basis (that does not intrude on the USG arrangements). All Estonian interlocutors will be keen to hear why, ultimately, Estonia was chosen to be among the 1+4+1 countries.

CYBER SECURITY: NOW MORE THAN EVER

¶14. (C) Estonia's Cyber Center is a major source of pride for the GOE. The GOE hopes NATO will accredit it as a Center of Excellence this year. In November 2007 the U.S. became the first country to send a representative to the Center, though we are not officially a "Sponsoring Nation" (Germany, Italy, Latvia, Slovakia, Spain and Lithuania are). There have been indications from the Pentagon that the U.S. will consider joining up once the Center has NATO's blessing, but no formal announcements have been made. The Center has completed some interesting strategic analyses on such topics as the status of cyber attacks under international law and cyber defense under Article V.

VISA WAIVER PROGRAM: IN THE END GAME

¶15. (SBU) Estonia is in the home stretch to join the Visa Waiver Program (VWP). On September 29 the Estonian Justice and Interior Ministers will be in Washington to sign the Preventing and Combating Serious Crime (PCSC) Agreement with Secretary Chertoff. This is the final implementing arrangement required of Estonia by the VWP MOU. The ball then is in our court, awaiting DHS's certification to Congress of the Electronic System for Travel Authorization (ESTA) and the tracking of VWP travelers into and out of the United States. DHS, according to its office for VWP Policy Development, is confident that a formal announcement of Estonia's inclusion in the program will come by early-to-mid November. DHS expects that Estonians will be able to travel on the program by January 12, 2009, when ESTA becomes a requirement for all VWP countries.

MEDIA IN ESTONIA

¶16. (U) Since 1991, the media landscape in Estonia has changed substantially. Today, the Estonian media environment is considered free, objective and critical. Reliance on electronic media is an increasing trend. This means not only a rapid increase in Internet usage, but

TALLINN 00000338 004.3 OF 004

also a marked increase in time spent watching TV; trends common for all European countries. Today, the main source of information in Estonia remains television. Only in the youngest group (aged 15-19), can we observe that with the Internet becoming a multifunctional

channel, the use of traditional media (particularly TV) is decreasing.

¶17. (U) The Internet arrived in Estonia in 1992. In 2004, Estonia was among the top 10 countries in the European Union with respect to Internet penetration and online availability of public services (to include voting in national elections). Currently two thirds of the entire Estonian population uses the internet. Online newspapers and news websites have become the main source for information for a large cross section of Estonian youth. All employees use computers on a daily basis.

¶18. (U) Newspapers remain the most trusted source of information in Estonia. The most active press readers are middle-aged people (age 40-59). Listening to the radio is predominantly a parallel activity to working, driving, talking, eating, etc. and the older generation prefers news programs and serious talk shows, while youth listens to the music.

¶19. (U) One of the greatest media-related challenges facing Estonia today is communication with the Russian-speaking population in Estonia. There is no Russian-language national television station therefore the Estonian Russian speakers rely on news from the Russian sources. And, like Estonians in general, the Russian speaking population rely primarily on television. Thus, their primary source of news is from Russian television. While the Russian language newspapers, with a few exceptions, are considered free and objective, the same can not be said for the television news which hails from Moscow. During the onset of the crisis in Georgia, the influence of Russian television was clear - polls showed a drastic difference between ethnic Estonian and Russian speaking perspective on the source of the conflict.

¶20. (U) We are arranging a tv interview and a roundtable with foreign policy reporters. You will find the media to be friendly, but direct. They do not have a secret agenda, nor do they aim to embarrass the USG. They do, however, want to ask tough questions -- about Russia, about Iraq -- and will want straight answers.

¶21. (U) Again, welcome to Estonia. I look forward to seeing you next week.

PHILLIPS